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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

Producers 8B (4-89) — Paid Up With 640 Acres Pooling Provision

PAID UP OIL AND GAS LEASE (No Surface Use)

THIS LEASE AGREEMENT is made this 20th day of June, 2008, between RHONDA ELAINE DAVIS, AN UNMARRIED PERSON, AND TONY RAY DAVIS, AN UNMARRIED PERSON, 3909 Glenbrook Dr., Arlington Tx 76015 as Lessor, and PALOMA BARNETT, LLC, 1021 Main Street, Suite 2600, Houston, Texas 77002-6066 as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises

0.192 acres, more or less, situated in the Stephen S Lane Survey, A-951, and being Lot 44, Block 4, of Meadow Creek Addition-Arlington, an addition to the City of Arlington, Tarrant County, Texas, according to the map or plat thereof recorded in Volume 388-68, Page 59, Plat Records, Tarrant County Texas.

in the County of TARRANT, State of TEXAS, containing 0.192 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by In the County of IAKKANI, State of TEAAS, containing U.192 gross acres, more or less (including any interests therein which Lessor may ferealter adquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of <a href="https://documents.org/lines/by-new-rentals-new-re

by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shuch royally shall be abeled in the end of the 50-day pend next following cessation of such operations or production. Lessee's failure to properly pay shuch in royalty shall redorf Lessee lable for the amount due, but shall not operate to terminate his bease.

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7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full neral estate in such part of the leased premises

any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalities hereunder, Lessee may pay or tender such shut-in royalities to the credit of decedent or decedents estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalities hereunder, Lessee may pay or tender such shut-in royalities to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers is full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royaltities hereunder.

9. Lessee may, at any time and f

termination of this lease; and (b) to any other lands in which Lessor how or nereatier has authority to grain such highest fill the vicinity of the leased premises of lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lesses of wining reasonable time triereater.

11. Lesses's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations

are so prevented, delayed or interrupted.

are so prevented, delayed of interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop be leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of two (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same bonus consideration, terms and conditions as granted for this lease.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may DISCLAIMEN OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of remail, boilds and royally, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as

LESSOR (WHETHER ONE OR MORE)

nde Claime Wais Elaine Red

Tony Ray Davis

ACKNOWLEDGMENT

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|---|-----------------------------|--|---|---------------------------------------|--------------|
| STATE OF TEXAS | | | | | |
| COUNTY OF TARRANT | | | | | |
| | | | _7260 | | |
| This instrument was acknowledged before me on the | e <u> </u> | 34pt . 200 K. by Rhor | Elaine nda Eliane Davis | i | |
| Rhonde Elaine De | | Notary Public, State (1) (extended to the state of the st | Mv Commi | NAZEER ssion Expires er 8, 2009 | |
| STATE OF TEXAS COUNTY OF TARRANT | | - 8- | | | |
| This instrument was acknowledged before me on the | e <u>02</u> day of <u>{</u> | 380 , 20 <u>0 K</u> , by <u>Tony</u> | Ray Davis | | |
| Tony Rus Caro | | Notal Photo: State of Texas | KHALID NAZEER Commission Exp ovember 8, 200 | niros P | |
| CORPORATE ACKNOWLEDGMENT | | | | | |
| STATE OF TEXAS COUNTY OF TARRANT | | | .** | | |
| This instrument was acknowledged before me on the _ | day of | . 20 . b | ov. | | |
| This institution was soldiorneaged before the office _ | 00) 0. | , 20, | ·) | | |
| | | corpo | ration, on behalf of | said corporation. | |
| | | Notary Public, State of Texas Notary's name (printed): Notary's commission expires | | | |
| RECORDING INFORMATION STATE OF TEXAS | | | | | |
| County of TARRANT | | | | | |
| This instrument was filed for record on the recorded in | day of | , 20 | , at | o'clock | M., and duly |
| Instrument Number:: | . of the | records of this office. | | | |
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